

Company Registration Number 1539186

**LDS TEST AND MEASUREMENT LIMITED**

**Annual Report and Financial Statements**

**31 December 2005**



**LDS TEST AND MEASUREMENT LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS 2005**

**CONTENTS**

	<b>Page</b>
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8

## **LDS TEST AND MEASUREMENT LIMITED**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

P J O'Leary  
M A Reilly (appointed 18 February 2005)  
K L Lilly (appointed 1 January 2006)

#### **SECRETARY**

K L Lilly (appointed 1 January 2006)  
M Shanahan (appointed 22 February 2006)

#### **REGISTERED OFFICE**

Heath Works  
Baldock Road  
Royston  
Hertfordshire  
SG8 5BQ

#### **SOLICITORS**

Eversheds  
Cloth Hall Court  
Infirmary Street  
Leeds  
LS1 2JB

#### **BANKERS**

Barclays Bank plc  
23 High Street  
Royston  
Hertfordshire  
SG8 9AB

Bank of America N.A.  
5 Canada Square  
London  
E14 5AQ

#### **AUDITORS**

Deloitte & Touche LLP  
Bristol

## **LDS TEST AND MEASUREMENT LIMITED**

### **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

### **PRINCIPAL ACTIVITY**

The principal activity of the company is the manufacture and sale of vibration test equipment.

The subsidiary undertakings held by the company are listed in note 10 to the financial statements.

Consolidated financial statements are not presented as the company takes advantage of the exemption afforded by Section 228 of the Companies Act 1985.

### **BUSINESS REVIEW**

The company continues to invest in research and development (2005: £856,290; 2004: £728,641). This has resulted in a number of new products being launched recently which are expected to make significant contributions to the growth of the business. The directors regard investment in this area as a prerequisite for success in the medium to long term future.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The company's activities expose it to financial risks including foreign exchange risk, interest rate risk and cash flow risk. To reduce these risks the company manages cash through a group cash pooling arrangement and operates foreign currency bank accounts.

Loss of key customers is also a key risk to the business. The company manages this risk by developing and maintaining strong relationships with these customers.

### **RESULTS AND DIVIDENDS**

The profit for the year after taxation was £2,037,081 (2004: £1,417,800). The directors do not recommend payment of a dividend (2004: £nil).

### **DIRECTORS AND THEIR INTERESTS**

The directors who served during the year were as follows:

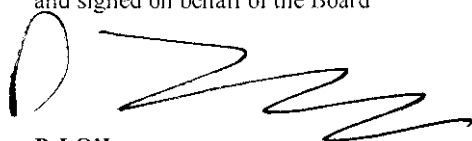
C J Kearney	(resigned 11 April 2005)
A J Hardy	(appointed 17 March 2004, resigned 11 November 2005)
P J O'Leary	
M A Reilly	(appointed 18 February 2005)
C J Williams	(resigned 4 May 2006)

The directors had no interests in the share capital of the company or other UK group companies at any point during the year.

### **AUDITORS**

A resolution to reappoint Deloitte & Touche LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



P J O'Leary

19 March 2007

## **LDS TEST AND MEASUREMENT LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report including the financial statements. The directors have chosen to prepare the financial statements for the company and the group in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view, in accordance with UK GAAP, of the state of affairs of the company and of the profit or loss for that period and comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

### **LDS TEST AND MEASUREMENT LIMITED**

We have audited the financial statements of LDS Test and Measurement Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant framework and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

*DeLoitte & Touche LLP*

**DELOITTE & TOUCHE LLP**  
Chartered Accountants and Registered Auditors  
Bristol, United Kingdom

*23 March 2007*

# **LDS TEST AND MEASUREMENT LIMITED**

## **PROFIT AND LOSS ACCOUNT** **Year ended 31 December 2005**

	<b>Notes</b>	<b>2005 £</b>	<b>2004 £</b>
<b>TURNOVER</b>	2	19,919,446	18,322,603
Cost of sales		(14,826,935)	(13,015,853)
<b>GROSS PROFIT</b>		5,092,511	5,306,750
Other operating expenses (including exceptional costs of £nil (2004: £218,985))	3	(3,150,753)	(3,939,295)
<b>OPERATING PROFIT</b>		1,941,758	1,367,455
Finance charges (net)	4	(17,446)	(37,097)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	1,924,312	1,330,358
Tax on profit on ordinary activities	8	112,769	87,442
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	17	2,037,081	1,417,800

There are no recognised gains or losses for the current or preceding financial year other than as stated in the profit and loss account. Accordingly, no separate statement of total recognised gains and losses has been presented.

All results arose from continuing activities of the company.

**LDS TEST AND MEASUREMENT LIMITED**

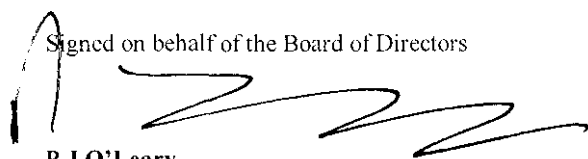
**BALANCE SHEET**  
**At 31 December 2005**

	Notes	2005		2004	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	9		218,103		185,815
Investments	10		2,420,652		2,420,652
			<u>2,638,755</u>		<u>2,606,467</u>
<b>CURRENT ASSETS</b>					
Stocks	11	3,164,794		2,936,832	
Debtors:					
- due within one year	12	18,195,596		16,366,604	
- due after one year	13	825,030		825,030	
Cash at bank and in hand		3,138,267		1,761,701	
		<u>25,323,687</u>		<u>21,890,167</u>	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	14	(12,171,864)		(10,692,824)	
<b>NET CURRENT ASSETS</b>			<u>13,315,823</u>		<u>11,197,343</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			15,790,578		13,803,810
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	15	(264,687)		(315,000)	
<b>NET ASSETS</b>			<u>15,525,891</u>		<u>13,488,810</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		350,804		350,804
Revaluation reserve	17		333,025		333,025
Other reserves	17		5,272,334		5,272,334
Profit and loss account	17		9,569,728		7,532,647
<b>SHAREHOLDERS' FUNDS</b>	18		<u>15,525,891</u>		<u>13,488,810</u>
<b>Shareholders' fund may be analysed as follows:</b>					
Equity shareholders' funds			15,525,891		13,387,609
Non-equity shareholders' funds			-		101,201
			<u>15,525,891</u>		<u>13,488,810</u>

These financial statements were approved by the Board of Directors on

19 March 2007

Signed on behalf of the Board of Directors

  
**P J O'Leary**  
Director



## **LDS TEST AND MEASUREMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2005**

#### **1. ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year, except for the adoption of FRS17, FRS21 and the presentational aspects of FRS25 during the year ended 31 December 2005. None of these new accounting standards had an impact on the financial statements for the year or the preceding year.

##### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards.

Consolidated financial statements have not been prepared by the company as permitted by Section 228 of the Companies Act 1985. Consolidated results for the company and its subsidiary undertakings are included in the group financial statements of the ultimate holding company, SPX Corporation, which will be available to the public.

##### **Cash flow statement**

The company has not presented a cash flow statement and has taken advantage of the exemption available under Financial Reporting Standard 1 (revised) since its ultimate parent company, SPX Corporation, produces a consolidated cash flow statement that is publicly available.

##### **Tangible fixed assets**

Tangible fixed assets are stated at historic cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Plant and machinery	3 to 10 years
---------------------	---------------

##### **Investments**

Fixed asset investments are shown at historic cost or directors' valuation, in accordance with the alternative valuation bases under Schedule 4 of the Companies Act 1985. Provision is made for any impairment.

##### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

##### **Turnover**

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

##### **Research and development**

Research and development expenditure is charged to the profit and loss account as incurred.

## **LDS TEST AND MEASUREMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2005**

#### **1. ACCOUNTING POLICIES (continued)**

##### **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

##### **Pension costs**

The company provides pension arrangements to a number of full time employees through a defined benefit scheme. It also makes contributions to employees' personal money purchase schemes.

The defined benefit scheme is a multi-employer scheme, the assets and liabilities of which are held *independently from the group*. *The company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme.*

For contributions to personal money purchase schemes, the amount charged to the profit and loss account is the contributions payable in the year. Differences between contributions payable in the year and the contributions actually paid are shown as either accruals or prepayments in the balance sheet.

##### **Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account.

##### **Leases**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

# **LDS TEST AND MEASUREMENT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2005**

### **2. TURNOVER**

As the company is engaged in one class of business, no analysis of turnover has been provided.

The directors consider that the disclosure of an analysis of turnover between geographical markets would be seriously prejudicial to the interests of the group.

<b>3. OTHER OPERATING EXPENSES (NET)</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Selling costs	956,056	810,307
Administrative expenses	2,194,697	2,910,003
Exceptional reorganisation costs	-	218,985
	<u>3,150,753</u>	<u>3,939,295</u>

<b>4. FINANCE CHARGES (NET)</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
<b>Investment income</b>		
Interest receivable and similar income	<u>13,946</u>	<u>3,752</u>
<b>Interest payable and similar charges</b>	<b>£</b>	<b>£</b>
Bank interest	29,060	40,783
Other interest	2,332	66
	<u>31,392</u>	<u>40,849</u>
<b>Finance charges (net)</b>	<b>£</b>	<b>£</b>
Interest payable and similar charges	(31,392)	(40,849)
Investment income	<u>13,946</u>	<u>3,752</u>
	<u>(17,446)</u>	<u>(37,097)</u>

# LDS TEST AND MEASUREMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2005

### 5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2005	2004
	£	£
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation and amounts written off (owned) tangible fixed assets	76,569	128,409
Amortisation of negative goodwill	-	(49,178)
Research and development	856,290	728,641
Operating lease rentals - other	176,044	91,092
(Profit)/loss on disposal of fixed assets	1,067	(24)
Exchange loss/(gain)	(132,952)	422,644
Auditors' remuneration:		
- audit services	43,500	33,500
- non-audit services	25,229	24,600

### 6. STAFF COSTS

	2005	2004
	No.	No.
The average monthly number of employees (including executive directors) was:		
Production	69	70
Sales	11	12
Administration	15	13
	95	95
Their aggregate remuneration comprised:	£	£
Wages and salaries	3,451,873	3,596,780
Social security costs	354,691	363,585
Other pension costs	109,662	113,566
	3,916,226	4,073,931

### 7. DIRECTORS' REMUNERATION AND TRANSACTIONS

#### Remuneration

	2005	2004
	£	£
The remuneration of the directors was as follows:		
Emoluments	361,746	358,154
Company contributions to money purchase pension schemes	18,164	14,294
	379,910	372,448
The remuneration of the highest paid director was as follows:	£	£
Emoluments	239,644	243,808
Company contributions to money purchase pension schemes	17,399	11,215
	257,043	255,023

# LDS TEST AND MEASUREMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2005

### 7. DIRECTORS' REMUNERATION AND TRANSACTIONS (continued)

#### Pensions

	2005 No.	2004 No.
The number of directors who were members of pension schemes was as follows:		
Money purchase schemes	<u>2</u>	<u>2</u>

### 8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2005 £	2004 £
The tax charge is based on the profit for the year and comprises:		
<i>Current tax</i>		
Current UK corporation tax	856,930	465,362
Adjustments in respect of prior periods	<u>(659,362)</u>	<u>(552,784)</u>
	197,568	(87,422)
<i>Deferred tax</i>		
Timing differences - origination and reversal	(316,998)	-
Adjustments in respect of prior periods	<u>6,661</u>	<u>-</u>
Tax on profit on ordinary activities	<u>(112,769)</u>	<u>(87,422)</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	£	£
Profit on ordinary activities before tax	<u>1,924,312</u>	<u>1,330,358</u>
	£	£
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2003: 30%)	577,294	399,107
Effects of:		
Expenses not deductible for tax purposes	25,485	31,975
Capital allowances in (deficit)/excess of depreciation	(9,863)	5,952
Loss on disposal of fixed asset	320	-
Short-term timing differences	86,694	28,288
Imputed interest	177,000	-
Adjustment to tax charge in respect of previous periods	<u>(659,362)</u>	<u>(552,784)</u>
<b>Current tax</b>	<u>197,568</u>	<u>(87,422)</u>

During the year ended 31 December 2005, a deferred tax asset of £239,847 relating to accelerated capital allowances and short-term timing differences was recognised.

The adjustments to current tax in respect of prior periods have arisen due to group relief being surrendered for no consideration.

# LDS TEST AND MEASUREMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2005

### 9. TANGIBLE FIXED ASSETS

	Plant and machinery £
<b>Cost</b>	
At 1 January 2005	4,409,439
Additions	109,925
Disposals	(42,080)
At 31 December 2005	<u>4,477,284</u>
<b>Depreciation</b>	
At 1 January 2005	4,223,624
Charge for the year	76,569
Disposals	(41,012)
At 31 December 2005	<u>4,259,181</u>
<b>Net book value</b>	
<b>At 31 December 2005</b>	<u><u>218,103</u></u>
At 31 December 2004	<u><u>185,815</u></u>

### 10. FIXED ASSET INVESTMENTS

Subsidiary undertakings	Shares £	Loans £	Total £
<b>Cost or valuation</b>			
At 1 January 2005 and 31 December 2005	2,560,960	28,497	2,589,457
<b>Amounts written off</b>			
At 1 January 2005 and 31 December 2005	<u>168,805</u>	<u>-</u>	<u>168,805</u>
<b>Net book value</b>			
<b>At 31 December 2005</b>	<u><u>2,392,155</u></u>	<u><u>28,497</u></u>	<u><u>2,420,652</u></u>
At 31 December 2004	<u><u>2,392,155</u></u>	<u><u>28,497</u></u>	<u><u>2,420,652</u></u>

## LDS TEST AND MEASUREMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2005

#### 10. FIXED ASSETS INVESTMENTS (continued)

The company has investments in the following subsidiary undertakings:

	<b>Country of incorporation</b>	<b>Holding</b>	<b>Percentage</b>
LDS Test and Measurement Inc.	USA	Ordinary shares	100%
LDS Test and Measurement GmbH	Germany	Ordinary shares	100%
LDS Test and Measurement Sarl	France	Ordinary shares	100%
SRE Electronics Limited	UK	Ordinary shares, deferred ordinary shares	100%
British Electronic Controls Limited	UK	Ordinary shares	100%
LDS Limited	UK	Ordinary shares, preferred ordinary shares	100%
Vibration Sales & Service Limited	UK	Ordinary shares	100%

LDS Test and Measurement Inc (incorporated in the USA), LDS Test and Measurement GmbH (incorporated in Germany), and LDS Test and Measurement Sarl (incorporated in France) are engaged in marketing the products of LDS Test and Measurement Limited in their respective countries. SRE Electronics Limited is an intermediate holding company, and British Electronic Controls Limited owns the LDS group's freehold property. LDS Limited and Vibration Sales & Service Limited are non-trading companies.

The company's investment in British Electronic Controls Limited is carried at directors' valuation (at 1 January and 31 December 2005: £1,986,025). The historic cost of the investment was £1,653,000. The valuation was made in 1987, to reflect the upward revaluation of the freehold property owned by British Electronic Controls Limited on the same date. The valuation has not been updated since that date. The net assets of British Electronic Controls Limited per the most recent statutory accounts were £2,827,461.

# LDS TEST AND MEASUREMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2005

11. STOCKS	2005 £	2004 £
Raw materials and consumables	2,037,908	1,500,986
Work in progress	826,399	1,210,425
Finished goods and goods for resale	300,487	225,421
	<u>3,164,794</u>	<u>2,936,832</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

12. DEBTORS	2005 £	2004 £
<b>Amounts falling due in one year:</b>		
Trade debtors	3,670,124	2,578,471
Amounts owed by group undertakings	13,714,837	13,072,621
Corporation tax recoverable	219,070	416,658
Deferred tax asset	239,847	-
Other debtors	252,860	224,921
Prepayments and accrued income	98,858	73,933
	<u>18,195,596</u>	<u>16,366,604</u>

Included within amounts owed by group undertakings is £11,200,000 (2004: £8,000,000) that has been paid into the SPX group cash pool that is maintained by Radiodetection Limited, a fellow group undertaking.

### *Deferred tax asset*

	£
At 1 January 2005	-
Credit to the profit and loss account	239,847
<b>At 31 December 2005</b>	<u>239,847</u>

The deferred tax asset at 31 December 2005 is analysed as follows:

	£
Capital allowances in excess of depreciation	34,959
Short term timing differences	204,888
	<u>239,847</u>



# LDS TEST AND MEASUREMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2005

13. DEBTORS	2005 £	2004 £
Amounts falling due after more than one year:		
Amounts owed by group undertakings	825,030	825,030

There are no fixed repayment terms associated with the amount due from group undertakings, and it bears no interest.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2005 £	2004 £
Payments received in advance	1,472,603	933,079
Trade creditors	2,615,716	3,196,683
Amounts owed to group undertakings	6,279,728	4,621,239
Other taxation and social security	96,287	198,134
Accruals and deferred income	1,707,530	1,743,689
	12,171,864	10,692,824

## 15. PROVISIONS FOR LIABILITIES AND CHARGES

	Warranty provision £
At 1 January 2005	315,000
(Credit)/charge to the profit and loss account	(50,313)
At 31 December 2005	264,687

The warranty provision is established to recognise known and expected claims against delivered products within the contractual warranty period for such sales. The expenditure is expected to be incurred within 12 months of the balance sheet date.

**LDS TEST AND MEASUREMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2005**

<b>16. CALLED UP SHARE CAPITAL</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
10,076,440 Ordinary shares of 5p each	503,822	503,822
159,274 Deferred shares of £1 each	159,274	159,274
	<u>663,096</u>	<u>663,096</u>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
4,992,060 Ordinary shares of 5p each	249,603	249,603
101,201 Deferred shares of £1 each	101,201	101,201
	<u>350,804</u>	<u>350,804</u>

The deferred shares were issued at par on 1 March 1984 by converting existing £1 ordinary shares and re-designating them as deferred shares.

The deferred shares carry no voting rights or dividends but on winding up the holders shall be entitled out of the surplus assets of the company to a return of capital paid up by them, after a total of £40,000,000 has been distributed in such a winding up in respect of the ordinary shares.

<b>17. RESERVES</b>	<b>Other reserves</b>	<b>Revaluation reserve</b>	<b>Profit and loss account</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2005	5,272,334	333,025	7,532,647
Retained profit for the year	-	-	2,037,081
<b>At 31 December 2005</b>	<u>5,272,334</u>	<u>333,025</u>	<u>9,569,728</u>

<b>18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	2,037,081	1,417,800
Opening shareholders' funds	13,488,810	12,071,010
<b>Closing shareholders' funds</b>	<u>15,525,891</u>	<u>13,488,810</u>

## LDS TEST AND MEASUREMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2005

#### 19. PENSION ARRANGEMENTS

The company provides pension arrangements to a number of full-time employees through a defined benefit scheme. It also makes contributions to employees' personal money purchase schemes.

The defined benefit scheme provides benefits based on final pensionable pay. With effect from April 2005, along with six other occupational pension schemes belonging to the SPX Group of companies, the British Electronic Controls Limited Retirement and Death Benefits Scheme merged into the Joseph Mason plc (1982) Pension and Life Assurance Scheme. The merged plan was subsequently renamed the SPX UK Pension Plan and is closed to new members. Because LDS Test and Measurement Limited is unable to identify its share of the merged plan's assets and liabilities on a consistent and reasonable basis, the company accounts for its contributions as if it were a defined contribution scheme as per the multi-employer scheme exemption under FRS 17. Consequently contributions to the scheme are charged to the profit and loss account as incurred.

From January 2005 to March 2005, the company paid contributions at the rate of 9% of pensionable salaries. For the periods from April 2005 to June 2005 and July to December 2005, contributions to the Merged Plan by participating employers were at a rate of 9% and 17.7% of pensionable salaries respectively.

The latest full actuarial valuation of the SPX UK Pension Plan was carried out at 6 April 2004, and was updated for FRS17 purposes to 31 December 2005. As at 31 December 2005, the deficit in the merged scheme was £29.3m. Investments have been valued at fair value for the purposes of the FRS 17 valuation.

The aggregate market value of assets at the assessment date was £50.7m. The major assumptions used for the actuarial valuation of the merged scheme were:

	2005
Rate of increase in salaries	1.25%
Rate of increase in pensions in payment	2.5%
Discount rate	4.75%
Inflation assumption	2.8%

## LDS TEST AND MEASUREMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2005

#### 20. FINANCIAL COMMITMENTS

##### Capital commitments

	2005 £	2004 £
Capital commitments were as follows:		
Contracted but not provided for	-	14,250

##### Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows:

Other	2005 £	2004 £
Expiry date:		
- within one year	55,128	37,189
- between one and two years	11,233	43,328
- between two and five years	5,907	11,233
	299,268	91,750

##### Land and buildings

	£	£
Expiry date:		
- between two and five years	227,000	-

#### 21. RELATED PARTY TRANSACTIONS

As a subsidiary undertaking of SPX Corporation, the company has taken advantage of the exemption in FRS 8, "Related Party Disclosures", from disclosing transactions with other members of the group headed by SPX Corporation.

#### 22. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The directors regard SPX Corporation, a company incorporated in the United States of America, as the ultimate parent company and the ultimate controlling party.

SPX Corporation is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from 13515 Ballantyne Corporate Place, Charlotte, North Carolina 28277, USA.